

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Real Estate – Activity Status Report

ITEM NUMBER: 12

ATTACHMENT(S): 2

ACTION: _____

DATE OF MEETING: June 6, 2001

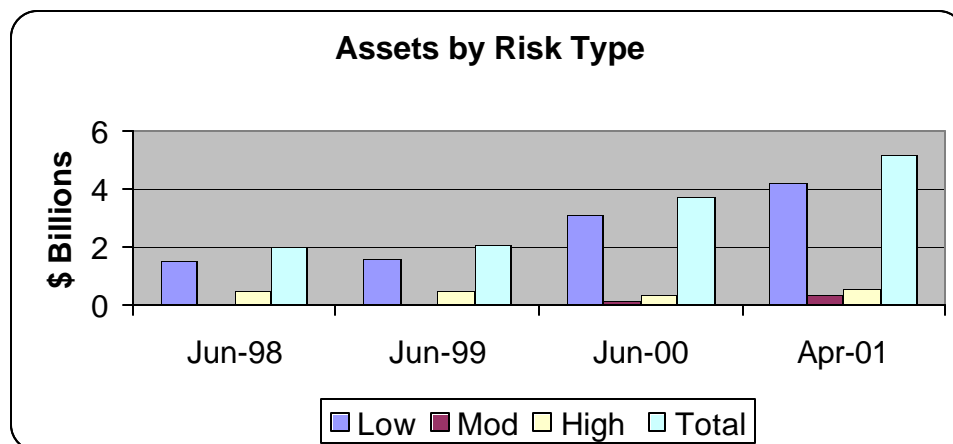
INFORMATION: X

PRESENTER(S): Mike DiRe

In accordance with the Investment Management Plan, CalSTRS has established an allocation for investment real estate to 5% of the total assets. The primary role of investment real estate is to improve diversification of the overall investment portfolio. Secondary objectives are to generate an enhanced yield to the actuarial plan rate assumption, and to provide stable cash flows. The real estate portfolio will incorporate a combination of low, moderate, and high risk real estate investment strategies to implement the approved plan.

The table and charts below show the growth of the overall real estate portfolio over the past four years.

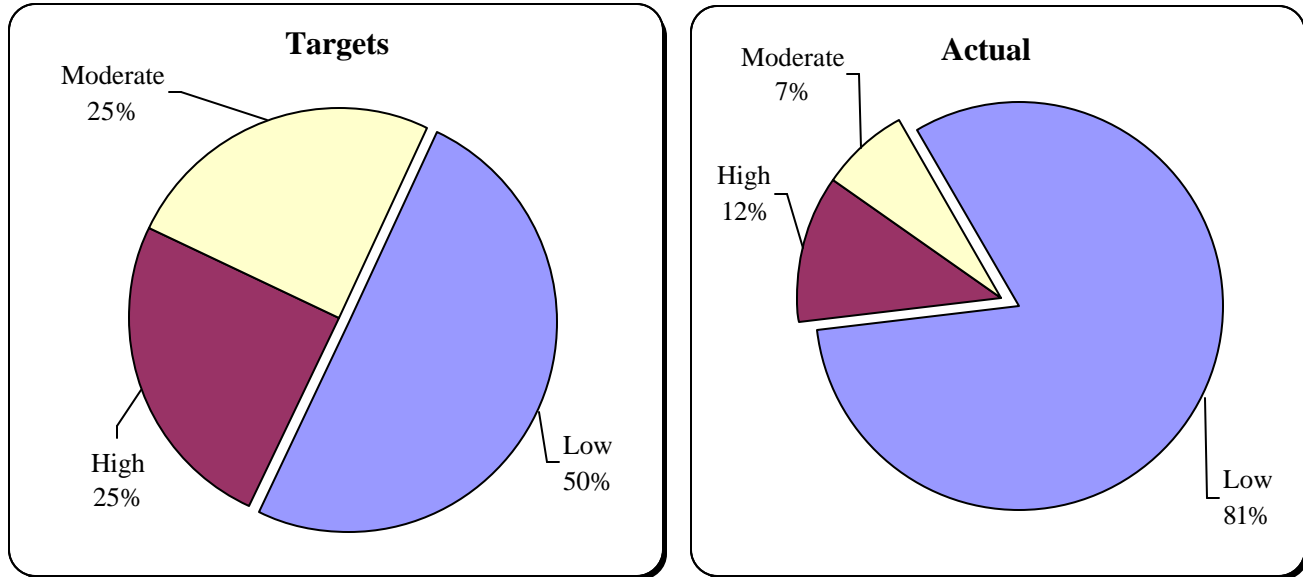
Growth of Real Estate Portfolio



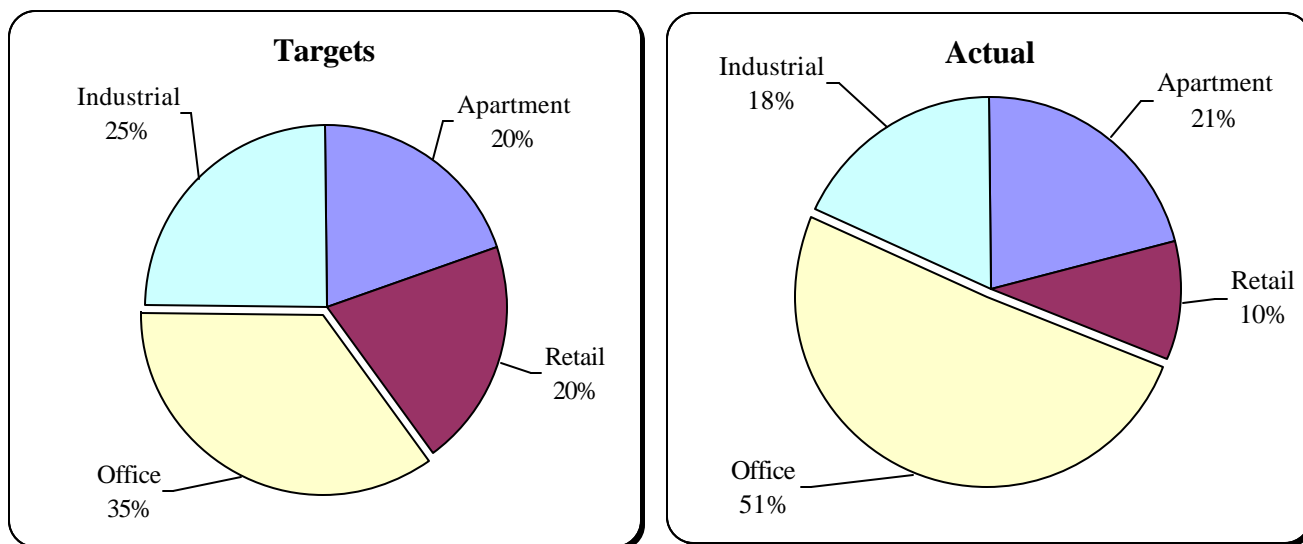
	Jun-98	Jun-99	Jun-00	Apr-01
Low	\$1,526	\$1,597	\$3,152	\$4,214
Mod	\$0	\$0	\$189	\$349
High	\$522	\$511	\$399	\$600
Total	\$2,048	\$2,108	\$3,740	\$5,163

Graph shown in billions, table shown in millions.

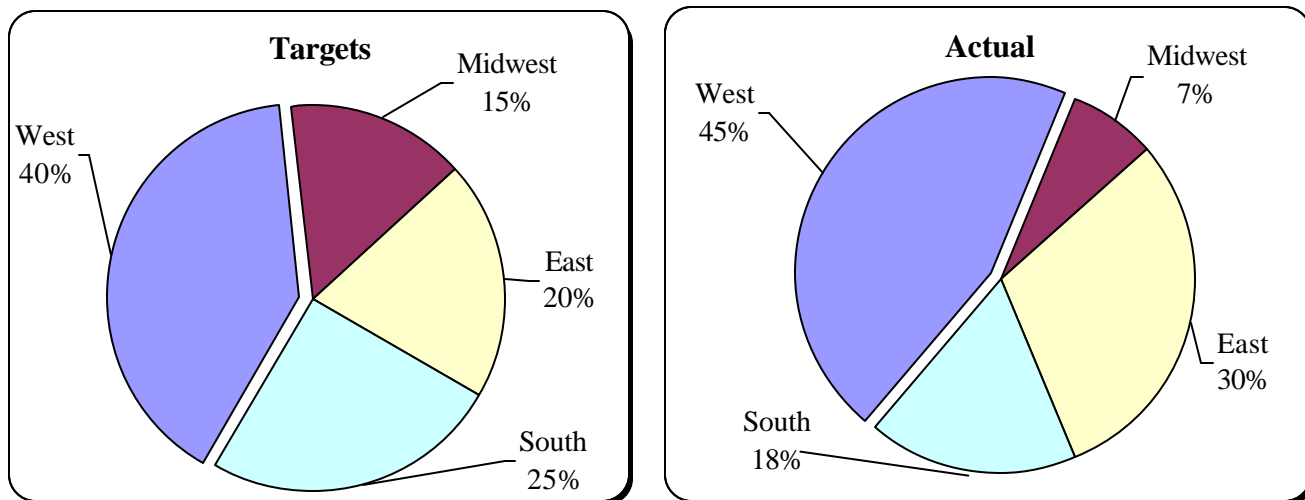
Targeted Risk Allocation Versus Actuals



The Low Risk portfolio is managed subject to diversification guidelines by product type and by regional area in the United States. The target allocation and the portfolio holdings as of April 2001 are shown below.



Low Risk Portfolio – By Region



Attachment 1 contains a summary of high risk opportunity fund commitments and capital accounts since inception. Attachment 2 identifies specific transactions closed during the month.

June 6, 2001

CalSTRS REAL ESTATE OPPORTUNITY FUND ACTIVITY STATUS REPORT **COMMITMENTS AND CAPITAL SUMMARY**

As of April 30, 2001

Opportunity Fund	Date Fund Closed	Fund Size	STRS Commitment	Since Inception		
				Amount Funded by STRS	Returned Capital	Income Received
Colony II	Apr-95	\$625,000,000	\$150,000,000	#####	\$79,897,281	\$50,774,824
M.Stanley II	Nov-95	1,051,000,000	200,000,000	253,928,988 *	148,854,802	156,301,195
Lazard Freres	May-96	645,000,000	150,000,000	150,000,000	31,627,889	29,720,985
Lazard Freres - Co-Investment	May-96					
AAC/UDR (1)		26,984,444	26,984,444	26,984,444	0	9,379,785
Dermody (2)		19,841,270	19,841,270	19,841,270	0	3,285,298
William E. Simon & Sons	Jan-01	275,700,000	68,925,000	54,163,678	0	0
William E. Simon - Co-Investment						
SKS (3)	Jan-01	57,223,810	40,056,667	34,770,338	3,237,911	1,248,371
CIM Urban Real Estate Fund	Mar-01	178,947,369	45,000,000	631,420	0	0
TOTALS			\$700,807,381	#####	\$263,617,883	\$250,710,458

* Pursuant to Partnership Agreement, includes reinvestment proceeds.

- (1) CalSTRS co-investment is in American Apartment Communities/United Dominion Realty Trust, Inc.
- (2) CalSTRS co-investment is in DP Operating Partnership Limited (Dermody).
- (3) CalSTRS co-investment is in SKS, an office development platform in San Francisco.

CalSTRS DIRECT REAL ESTATE ACQUISITIONS and DISPOSITIONS

For April 2001

ACQUISITIONS

<u>Property</u>	<u>ADVISOR</u>	<u>TYPE</u>	<u>RISK</u>	<u>LOCATION</u>	<u>AMOUNT</u>	<u>DATE CLOSED</u>	<u>IRR</u>
Reflections II	Thomas Properties Group	Office	Low	Reston, VA	\$ 15,425,000	April 4, 2001	10.3%
Total Acquisitions					\$ 15,425,000		

DISPOSITIONS

No Activity

Total Dispositions	\$ -
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